

registered medical device manufacturers, employing 20,000 Hoosiers directly and another 28,000 indirectly. There are more than 400,000 workers employed nationwide by this industry. These are jobs that pay, on average, 41 percent higher wages than the State wage rate in Indiana.

Medical device manufacturing has been a thriving industry. It is critical to our State economy and many States' economies, and I will list some of those. States such as California, Florida, Illinois, Massachusetts, Minnesota, New Jersey, New York, Ohio, Pennsylvania, Texas, Wisconsin, and including my State of Indiana could suffer more job losses if this tax is allowed to go into effect. In fact, a study that has come out produced by the Advanced Medical Technology Association analyzed the potential effect of the health care law's device tax on employment and the medical device industry, and I quote from that report:

... under reasonable assumptions, the tax could result in job losses in excess of 43,000 workers and employment compensation losses in excess of \$3.5 billion. That would be a devastating blow to the industry and, of course, to many local economies.

Beyond that, I have met with these device manufacturers on numerous occasions. Essentially, what they have said to me is: We like working in Indiana. We like the productivity we are getting. But if we continue to be taxed and regulated to the point where we are no longer competitive in selling our products worldwide, we are going to have to take a serious look at moving our production overseas. They said: We don't want to do this. We want to stay here. But we need to be competitive because you have to understand that a lot of our revenue comes from exporting overseas.

Of course, this is what we want to encourage. Our trade balance is in deficit and the more we can export and the more we have cutting-edge industries that export enhanced products to overseas customers, the better our own economic situation will be here at home.

At a time when 14 million Americans are looking for work and at a time when our country has suffered through 31 consecutive months of unemployment above 8 percent, I think we need to take a close look at the job creators in our country and determine whether the taxation or regulation that is being imposed on them is having a dramatic impact on our ability to provide more jobs. The people I have talked to said it is having the opposite effect.

Senator HATCH has introduced a bill to repeal this tax. It was controversial when it was first brought forward. I think the Congress ought to take a look at this legislation. If we want to provide some job-creating opportunities in America, we need to look at the taxes and regulations that are stifling growth and the ability to hire more people.

I am a proud sponsor of Senator HATCH's legislation to repeal this ex-

cise tax. It will, as I said, benefit many States and provide many jobs and prevent jobs from leaving American soil. So I encourage my colleagues in the Senate to join this commonsense legislation and repeal the tax on medical devices. If we want to spur economic growth, it is time we take a closer look at the harmful impacts of policies that are stifling growth. This is one industry—and I hope to highlight more in the future—but one industry that clearly is being penalized for being successful. It is hurting our economy, and it is hurting our ability to provide job growth.

I wish the President well. I hope he listens intently. I hope he hears the same sentiment I heard as I traveled around the State of Indiana. I believe the conclusion is inevitable; that is, taxation, regulation, and the policies coming out of Washington bring uncertainty to the marketplace, and uncertainty to the marketplace affects consumer confidence and affects the confidence of those job creators and employers who are frozen in time waiting to see how all this is going to turn out. They are fearful of hiring more employees because they do not know what the impact is going to be on their payroll and on their expenses, and they are waiting for the next regulation to come down that might impact their business in a negative way.

We need certainty coming out of Washington, not uncertainty. I am hoping over the next 2 or 3 months, as Congress works to come together with a sensible plan to deal with our deficit, we can enact a good plan for the future in terms of how to deal with our deficit and we can bring some certainty to the future and get our economy back on the right track.

With that, Mr. President, I yield the floor and suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BARRASSO. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ISRAEL-PALESTINIAN PEACE PROCESS

Mr. BARRASSO. Mr. President, I rise today to express my thoughts and my concerns about an issue of the utmost importance; that is, the Israel-Palestinian peace process.

Tomorrow, September 13, 2011, the General Assembly of the United Nations will commence with its 66th session in New York. Every year, member nations come together to debate and discuss the important issues facing the world at the United Nations General Assembly. While there will be a variety of issues on the agenda this year, I am extremely concerned about one issue specifically.

Over the last several months, Palestinian Authority President Abbas has repeatedly voiced his intention to formally request statehood recognition and full membership in the United Nations. In July, the Arab League endorsed this irresponsible ploy. Regrettably, President Abbas intends to make the formal request during this session of the United Nations General Assembly.

I oppose the decision of the Palestinian Authority to seek a declaration of statehood by the United Nations. The unilateral action of the Palestinian Authority is intended to circumvent the peace process. It is not a good-faith effort to achieve peace in the Middle East but, to me, rather it is a political maneuver.

The United Nations should not be interfering or intervening in this complex process and should refrain from passing unilateral declarations on issues that are part of ongoing direct negotiations by the parties. The decision about borders and statehood should be achieved through a final agreement, an agreement between the Government of Israel and the Palestinians.

The United Nations should refrain from dictating and imposing a final decision on statehood for a territory of one of its own current member nations. To me, this will only make matters worse. It will make this situation worse because the consequences to the peace process are grave.

The ability to move forward with an agreement is weakened and greatly diminished by these types of tactics. The best path to peace is through direct negotiations between the two parties, not through a manipulation at the United Nations. The United States continues to support a two-state solution as a means to ending the conflict. It is based on the belief that it is the only way to achieve a true and lasting peace between these two parties.

Instead of embarking on the time-consuming campaign to gain support in the United Nations General Assembly, the Palestinian leadership should be working directly with Israel on creating a real and sustainable peace agreement.

The request for recognition by the United Nations is part of a terrible emerging trend from the Palestinian Authority. The Palestinian Authority continues to engage in troubling behavior that is contrary to peace.

On May 4, the Palestinian Authority reached an agreement with the terrorist group, Hamas, to create a unity government. It is outrageous that the Palestinian Authority would be willing to unite with a known terrorist group that is infamously recognized for its destructive acts of violence.

Since 1997 Hamas has been designated by the U.S. Department of State as a foreign terrorist organization. Hamas

terrorists are responsible for the murders of American citizens. It is also important to note that the agreement between Hamas and the Palestine Authority does not require Hamas to recognize Israel's right to exist, to accept the previous Israel-Palestinian agreements, or to renounce terrorism.

Hamas continues to be fundamentally opposed to a lasting peace between Israel and the Palestinian Authority. It is apparent there is no path to a peaceful resolution when part of the Palestinian unity government is dedicated to the destruction of Israel.

Prime Minister Benjamin Netanyahu made this point very clear when he addressed the joint session of Congress on May 24 of this year. He stated, "Peace can only be negotiated with partners committed to peace."

Furthermore, it is completely unacceptable for U.S. assistance to go to the Palestinian Authority when it includes Hamas. The Palestinian Authority received approximately \$500 million in U.S. foreign assistance in fiscal year 2010. Hard-earned U.S. taxpayer funds must not be funneled into the pockets of terrorists.

History shows this is not the first attempt by the Palestinians to use the United Nations to circumvent peace negotiations and declare statehood. The Palestinians sought to change their status at the United Nations through the World Health Organization. At that time, Secretary of State James Baker publicly warned that he would recommend that the United States stop funding any international organization that changed the Palestinian status as an observer organization.

Americans are keenly aware that a significant portion of the United Nations' budget is paid by the United States. As the biggest financial contributor to the United Nations, the United States contributed almost \$7.7 billion in fiscal year 2010 to the United Nations system. The United States should not be providing funding for an international institution that circumvents an established peace process and that threatens the security of our allies.

The United States and Israel share a long and deep alliance. Israel is a friend and ally and a strategic partner to the United States. Both Israel and the United States understand the values of life, liberty, opportunity, security, and freedom.

Throughout Israel's history, the country has worked to build a democratic nation in the face of severe obstacles. Israel is a shining example of democracy in the Middle East. As Israel faces real danger from its neighbors, the people of Israel continue to show great strength and perseverance as they seek peace.

On May 22, President Obama explained that no vote at the United Nations would create an independent Palestinian State. On May 25, the President expressed his concern about the

efforts of the Palestinian Authority to seek statehood at the United Nations and referred to it as a "mistake."

The Department of State continues to reiterate that Israel and the Palestinian Authority need to work out the differences between themselves in direct negotiations. The United States has been very clear that we will use veto power in the United Nations Security Council to block any attempt by the Palestinians for state recognition or United Nations membership.

The Obama administration must use all of its resources to block similar actions in the General Assembly and other United Nations organizations. President Obama and Secretary of State Clinton must press the Palestinian Authority to abandon its erroneous decision and return to the negotiating table with Israel.

It is also imperative that other international leaders understand the implications of these efforts and join the United States in opposing them. Nations must stand together to decry the attempt to circumvent direct peace process negotiations.

The Palestinian Authority must also understand that its actions will have serious implications to the U.S.-Palestinian relations and U.S. assistance. The recent actions of the Palestinian Authority indicate to this Senator that the United States has no choice but to suspend funding assistance to the Palestinian Authority.

Today, I call on Congress to terminate funding assistance to the Palestinian Authority. I believe Congress must also evaluate and significantly cut funding to the United Nations if any change to the status of the Palestinian Authority is approved by the General Assembly.

I yield the floor, and I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. KYL. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ECONOMIC GROWTH

Mr. KYL. Mr. President, President Obama is about to roll out another jobs plan. He talked about it last week. This is 2½ years after the first stimulus bill, which, with interest, amounted to about \$1.2 trillion. His economic advisers have confirmed the fact that this stimulus concept is actually based on the Keynesian economic theory. As our Republican leader noted last week, there are now, unfortunately, 1.7 million fewer jobs in America, according to the Bureau of Labor Statistics, than there were before the President's first stimulus bill. So the question, obviously, is whether this theory is better in theory than it is in practice.

I wanted to talk today a little about the two different basic theories of economic growth and what you do in a situation of economic downturn, as we have today. How should we be looking at stimulation of job creation and economic growth? The two competing theories, of course, are the Keynesian theory, which I mentioned, and what some have called supply-side economics.

There is no question that the Keynesian theory has been one to which the President's economic advisers generally adhere. It was used to justify the 2009 stimulus program and other programs. For example, the one that sticks out in my mind is the so-called cash for clunkers, but there were other transfer payment government programs, temporary tax credits, and others. But the theory in the cash for clunkers is a good example, which is that in recessionary times, if the government spends money and gives it to people so that they can spend it, that will therefore stimulate consumption; that business will respond by increasing production, and that will create jobs.

Recently, for example, Agriculture Secretary Tom Vilsack said that because of a theoretical multiplier effect under this model, food stamps—government money taken from taxpayers and given to people who are entitled or eligible for food stamps—would actually stimulate the economy by a factor of 1.84; in other words, that \$1 of food stamps would actually generate \$1.84 in economic activity. There are a lot of problems with that theory. The first is that the multiplier effect itself has been discredited as not something that, in fact, actually happens.

A Harvard economist by the name of Robert Barro has explained this, and I will quote from one of his writings:

Theorizing aside, Keynesian policy conclusions, such as the wisdom of additional stimulus geared to money transfers, should come down to empirical evidence. And there is zero evidence that deficit-financed transfers raise GDP and employment—not to mention evidence for a multiplier of two. If [Secretary Vilsack's claim] were valid, this result would be truly miraculous. The administration found the evidence it wanted—multipliers around two—by consulting some large-scale macroeconomic models, which substitute assumptions for identification.

In other words, economists can prove the multiplier in theory with these models, but there is no empirical evidence that it has ever occurred. It is a bit like money growing on trees. The money has to come from somewhere, and, of course, it comes out of the pockets of taxpayers or the government borrows it and it eventually has to be repaid with taxpayer tax dollars.

The second problem is that to the extent one assumes the problem is that Americans are too broke to spend money, the question then is, How can the government make that up for us? Aren't the people the government? Doesn't the government get its money from the people in the form of taxes or,